



Health Services
LOS ANGELES COUNTY

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August 18, 2006

TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: DHS PARTICIPATION IN MEDICARE MODERNIZATION
ACT (MMA) SECTION 1011 PROGRAM

On January 19, 2006 I submitted the Department's first status report on our progress to enroll and participate in the MMA Section 1011 program which provides partial federal reimbursement for emergency services to undocumented immigrants. This is the fourth in a series of periodic reports to inform your Board of our participation in the Section 1011 activities.

Since our June 6, 2006 status report the Department has submitted program reimbursement claims to the CMS fiscal intermediary, TrailBlazer Health Enterprises, LLC (TrailBlazer) for the First Quarter FFY 2006 (by the billing deadline of June 29, 2006), valued at approximately \$15.2 million in gross charges. The estimated net value of these claims is \$2.8 million. We have been informed that the payment date for these claims is August 28, 2006. The current submission is an increase of approximately \$2.8 million in the amount of claims submitted for the Fourth Quarter FFY 2005.

As previously reported, the Department received approximately \$2.4 million in reimbursement for the Fourth Quarter FFY 2005. For more information, please see the attached Section 1011 billing and reimbursement schedule.

As briefly discussed in previous reports TrailBlazer failed to timely process the County's application to participate in the program thereby preventing the Department from billing for the Third Quarter FFY 2005 claiming period (dates of service May 10, 2005 through June 30, 2005). The Department has attempted to work with TrailBlazer to resolve this issue, but has not been successful. Following review and recommendation by County Counsel to seek redress of this denial, an appeal was prepared and sent to TrailBlazer by our outside counsel, Foley & Lardner, LLP (Foley Lardner), on July 26, 2006. Total gross charges associated with this appeal are estimated to be approximately \$7.1 million. The estimated net value of these claims is \$1.3 million.

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The Department is also continuing its work with County Counsel and outside legal counsel to determine the impact of Medi-Cal Redesign on receipt of Section 1011 reimbursement and whether the County can accept Medi-Cal Redesign and MMA Section 1011 payments. If the finding is that the Department cannot claim for Section 1011 under Medi-Cal Redesign, necessary arrangements will be made to return some or all of the Section 1011 funds received. The Department has notified TrailBlazer and CMS of the potential Medi-Cal Redesign conflict and has included a disclosure statement with each Section 1011 claim submitted for payment.

The Department will continue to provide periodic reports to the Board on its participation in the Section 1011 program.

Please let me know if you have questions or require additional information.

BAC:lg

(1\FORD\MMA SECTION 1011\BOARD STATUS REPORTS\FINAL REPORTS\STATUS REPORT NO.4 (08-07-06)

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

**COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES
MMA SECTION 1011 BILLING AND REIMBURSEMENT SUMMARY
THIRD QUARTER FFY 2005 – FIRST QUARTER FFY 2006
(Dates of Service May 10, 2005 through December 30, 2005)**

Federal Fiscal Year (Quarter)	Dates of Service	Total Claims Submitted	Total Gross Charges (Billed)	Billing Deadline	Payment Date	Total Reimbursement
Third Quarter FFY 2005	May 10, 2005 to June 30, 2005	Pending ¹	Pending ¹	January 16, 2006	—	Appeal Submitted ²
Fourth Quarter FFY 2005	July 1, 2005 to September 30, 2005	903	\$12,412,965	March 29, 2006	May 29, 2006	\$2,364,836 ³
First Quarter FFY 2006	October 1, 2005 to December 30, 2005	1,417	\$15,225,675	June 29, 2006	August 28, 2006	Pending
Second Quarter FFY 2006	January 1, 2006 to March 31, 2006	—	—	September 27, 2006	November 27, 2006	—

1. The Department is currently reviewing the total number of Section 1011 claims and the associated total gross charges for the Third Quarter FFY 2005 as part of the appeal process

2. An appeal was sent to TrailBlazer, LLP, on July 26, 2006 to allow the County to claim for the Third Quarter FFY 2005 on the grounds that TrailBlazer failed to timely process the County's approved application.

3. If it is determined that provisions of the new State Medi-Cal Redesign precludes claiming for Section 1011 services the Department will make arrangements to return some or all of the Section 1011 funds received